

EVOLVING PRODUCT STANDARDS IN CENTRAL EUROPE

The ten Central and Eastern European (CEE) countries negotiating to enter the European Union (EU) have undertaken a massive effort to harmonize their standards, technical regulations, and certification procedures with those of the EU. In the long run, this will result in region-wide homogeneity in technical regulations. Once harmonization is complete, U.S. exporters will no longer have to navigate through often less-than-transparent certification procedures to demonstrate conformity with the different national standards of each CEE country. Harmonization may benefit U.S. companies that already export to the European Union, are experienced in complying with EU standards, and do not find those standards onerous.

However, in the interim before harmonization is complete and CEE countries become full members of the EU, however, U.S. exporters will find the standards area very much in flux. There are increasingly few purely national standards as CEE countries adopt European standards and many (ISO, IEC) standards in their technical regulations. Among the CEE countries most advanced in these efforts is the Czech Republic, which has harmonized more than 90 percent of its standards and technical regulations (particularly, those relating to the health and/or safety of persons, property, and the environment) with those of the EU. In some cases, CEE countries are designating new notified bodies authorized to undertake CE mark product testing and certification.

EU Signs Bilateral Standards Agreements with Czech Republic and Hungary

A major development in the standards area took place on February 26, 2001: the EU signed unilateral recognition agreements with Hungary and the Czech Republic called the Protocol to the Europe Agreement on Conformity Assessment and Acceptance of Industrial Products, or PECA agreements. These agreements are intended to facilitate trade between the EU and these countries. As part of the PECA agreements, the signatories agree to mutually recognize one another's conformity assessment procedures. The PECA agreements will go into effect once they are ratified by the Czech and Hungarian Governments and published in their Official Gazettes (expected June 2001). The EU is also discussing bilateral PECA agreements with Poland, Slovakia, Slovenia, Estonia, and Latvia, and soon may launch discussions on PECA agreements with Bulgaria and Romania.

The basic purpose of the PECA agreements is to enable certain products to enter the CEE markets and vice versa for Czech and Hungarian products entering the EU without additional testing to demonstrate their conformity with standards. PECA-covered products are exempt from further testing if they meet two criteria:

1. They have a CE mark

2. They fulfill EU country of origin requirements or originate in the European Union.

This second criterion will likely create a comparative advantage for EU exporters over U.S. exporters. It appears that while an EU-origin product with a CE mark on it will be able to enter CEE markets without additional testing, the same U.S. product with the same CE mark will have to undergo testing in the CEE countries to demonstrate its conformity with EU standards.

Fortunately, some exceptions do exist, which mitigate the negative effects of the PECA agreements. U.S. exporters of products, such as those covered by the EU's Machinery, Electrical Safety, and Electromagnetic Compatibility directives, will be able to put their products onto the Hungarian and Czech markets if the manufacturer self-certifies that the product is in conformity with the applicable EU directives. U.S. products covered by these EU directives will be treated the same as products from the EU. Additional testing will not be required for these U.S. products if the manufacturer affixes the CE mark on the product, signs a Declaration of Conformity, and prepares an accompanying technical file.

The PECA agreements will have other important implications for U.S. exporters: 1) For PECA-covered products, U.S. exporters to Hungary and the Czech Republic will be required to demonstrate conformity with EU New Approach directives. (In some cases, these directives were already in place before the PECA's); 2) U.S. companies will need to obtain CE marks by conformity assessment bodies in these countries for many PECA-covered products to demonstrate their conformity with EU directives. (See chart to see what products the PECA agreements cover at present. More products will likely be added in the future as harmonization efforts are completed.) Contact information for Czech conformity assessment bodies can be found at www.unmz.cz. The Czech and Hungarian Governments soon will announce which conformity assessment bodies will be designated for PECA-covered products. CEEBICnet will post this information once it becomes available.

Conclusion: U.S. exporters should be aware that significant changes are underway in the standards and certification procedures throughout Central and Eastern Europe. Exporters can consult CEEBICnet for updates on information and work with the Department of Commerce's Market Access and Compliance Division (MAC) and the Foreign Commercial Service in CEE countries to navigate through the changing rules.

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[Sidebar] The EU's New Approach Directives

The EU's New Approach Directives deal with large families of products such as machinery, gas appliances, pressure equipment, toys, and construction products, or horizontal risks such as those addressed in the EU's Electromagnetic Compatibility Directive. The directives consist of broad, essential health and safety requirements that products must meet. For more information on EU New Approach Directives, their requirements, what products they cover, and the technical details regarding meeting health and safety requirements, see: www.newapproach.org/directiveList.asp

[Sidebar] The CE Mark

The *Conformite Europeene*, or CE mark, is a passport that allows manufacturers to circulate industrial products freely within the internal market of the EU. The CE mark signifies that the products have met the health, safety, and environmental requirements required by the EU's New Approach Directives. (For more information, see *CE Mark Questions and Answers* on CEEBICnet at <http://www.mac.doc.gov/eebic/euAccession.htm> under Challenges for US Companies/Standards) To speak with a Commerce Department representative about obtaining a CE mark, contact: Mr. Robert Straetz, Office of the European Union and Regional Affairs, Tel: 202-482-4496; Fax: 202-482-2897.